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# MOBICON GROUP LIMITED

萬保剛集團有限公司\*

*(incorporated in Bermuda with limited liability)*  
(Stock Code: 1213)

## HIGH CONCENTRATION OF SHAREHOLDING RESTORATION OF PUBLIC FLOAT RESUMPTION OF TRADING

This announcement is made at the request of the Stock Exchange to provide information to the public in respect of the high concentration of the shareholding of the Company in the hands of a small number of Shareholders as at 14th December, 2004.

The Board has been informed by the Stock Exchange on 2nd February, 2005 that, on the basis of the information provided by the Securities and Futures Commission to the Stock Exchange, as at 14th December, 2004, a group of 12 investors held an aggregate of 38,276,000 Shares, representing 19.14% of the Company's issued share capital. Their shareholding, together with the 75% held by the Controlling Shareholders and Directors, represented 94.14% of the Company's issued share capital as at 14th December, 2004. This implies that only 5.86% of the Company's issued share capital was in the hands of Shareholders other than the Controlling Shareholders, the Directors and the 12 investors. It appears to the Securities and Futures Commission that the price of the Shares could easily be pushed up substantially with a small quantity of Shares traded.

Having made all reasonable enquiry with the Directors and the directors of the subsidiaries of the Company, it has come to the notice of the Board that the public float of the Company is now approximately 18.44% and is not sufficient for the purpose of maintaining the minimum public float of 25% required under Rule 8.08 of the Listing Rules.

As at the date hereof, Mr. Hung Ying Fung, being a Director, is interested in 30,000,000 Shares, representing 15% of the entire issued share capital of the Company whilst Mr. Cheung Chiu Hing, being a director of certain subsidiaries of the Company, together with his spouse, are interested in 8,752,000 Shares, representing 4.36% of the entire issued share capital of the Company. Mr. Hung Ying Fung has agreed to dispose of 7,500,000 Shares to two investment funds whilst the spouse of Mr. Cheung Chiu Hing has agreed to dispose of 6,000,000 Shares to five individuals, all being parties not connected with and independent of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates so as to ensure that no less than 25% of the issued share capital of the Company will be in public hands as soon as reasonably practicable. The public float will be stepped up to approximately 25.19% immediately after the transfer of an aggregate of 13,500,000 Shares. The Board has been informed by the relevant parties that all necessary steps for the aforesaid transfer of Shares have been completed pending the physical transfer of share certificates for the 13,500,000 Shares which will take place immediately after the resumption of trading of Shares whilst the consideration for the acquisition of the 13,500,000 Shares will be paid by the purchasers upon completion of the physical delivery of the share certificates for such Shares.

The Company currently does not fulfil the requirement under Rules 8.08 and 13.32(1) of the Listing Rules. The Stock Exchange has stated that it reserves its right to take disciplinary action against the Company and the Directors for the non-compliance.

At the request of the Company, trading in the Shares has been suspended with effect from 2:30 p.m. on 18th February, 2005 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 21st March, 2005.

\* for identification purpose only

**Shareholders and investors of the Company are reminded to exercise extreme caution when dealing in the Shares.**

The Board has been informed by the Stock Exchange on 2nd February, 2005 that, on the basis of the information provided by the Securities and Futures Commission to the Stock Exchange, as at 14th December, 2004, a group of 12 investors held an aggregate of 38,276,000 Shares, representing 19.14% of the Company's issued share capital. Their shareholdings, together with the 75% held by the Controlling Shareholders and Directors, represented 94.14% of the Company's issued share capital as at 14th December, 2004. This implies that only 5.86% of the Company's issued shares were in the hands of Shareholders other than the Controlling Shareholders, the Directors and the 12 investors. It appears to the Securities and Futures Commission that the price of the Shares could easily be pushed up substantially with a small quantity of Shares traded.

On 3rd February, 2005, the Company reviewed the Shareholders' list provided by the branch registrar of the Company in Hong Kong, Hong Kong Registrars Limited and made enquiries to the Directors, chief executive and substantial shareholders of the Company and the following table shows the shareholding structure of the Company as at 31st December, 2004:

		Number of Shares	Approximate percentage of shareholding
Controlling Shareholders and Directors	M2B Holding Limited ( <i>Note 1</i> )	90,000,000	45.00%
	Bestmark Management Limited ( <i>Note 2</i> )	30,000,000	15.00%
	Mr. Hung Ying Fung ( <i>Note 3</i> )	30,000,000	15.00%
Directors of the subsidiaries of the Company and their associates	( <i>Note 4</i> )	13,116,000	6.56%
Public Shareholders	HKSCC Nominees Limited ( <i>Note 5</i> )	27,970,000	13.98%
	46 other Shareholders ( <i>Note 6</i> )	8,914,000	4.46%
	Total	<u>200,000,000</u>	<u>100.00%</u>

*Notes:*

- These Shares are held by M2B Holding Limited, a wholly-owned subsidiary of Action 2 Limited which, in turn, is wholly and beneficially owned by Mr. Hung Kim Fung, Measure and Ms. Yeung Man Yi, Beryl. Action 2 Limited is the trustee of Beryl Unit Trust set up by its shareholders. The assets of Beryl Unit Trust include/comprise the entire issued share capital of M2B Holding Limited, which is ultimately held by Trident Trust Company (Cayman) Limited as trustee for the benefit and upon trust for the Measure & Beryl Trust, which is a discretionary trust.  
Mr. Hung Kim Fung, Measure and Ms. Yeung Man Yi, Beryl are the executive Directors.
- These Shares are held by Bestmark Management Limited, a wholly-owned subsidiary of Holford Group Corporation which, in turn, is wholly and beneficially owned by Mr. Yeung Kwok Leung, Allix and his spouse, Ms. Wan Lam Keng. Holford Group Corporation is the trustee of A&W Unit Trust set up by its shareholders. The assets of A&W Unit Trust include/comprise the entire issued share capital of Bestmark Management Limited, which is ultimately held by Triden Trust Company (Cayman) Limited as trustee for the benefit and upon trust for the Trinity Trust, which is a discretionary trust.  
Mr. Yeung Kwok Leung, Allix is an executive Director.
- Mr. Hung Ying Fung is an executive Director.
- Having made all reasonable enquiry with the Directors and the directors of the subsidiaries, it has come to the notice of the Board that certain directors of the subsidiaries of the Company and their associates are interested in the Shares through some of the CCASS participants. However, none of these individuals is interested in 5% or more of the issued share capital of the Company. Particulars of these individuals are set out hereinbelow:-

	<b>Name of director (and his associate(s))</b>	<b>Name of subsidiary and date of appointment as director of subsidiary</b>	<b>Number of Shares held and method of acquisition</b>	<b>Time of first acquisition of Shares</b>	<b>Approximate percentage of shareholding</b>
1.	Mr. Yan Chi Kuen	MCU Power Limited (70%-owned) (13th May, 2004)	1,488,000 (acquisition in the public market)	in or about August 2004	0.77%
2.	Mr. Li Yiu Leung, Franky (and his brother, Mr. Lee Yiu Kong, Winson and the spouse of his brother, Madam Ho Wai Mun)	Mobicon-Remote Electronic Pte Ltd. (wholly-owned) (14th January, 2002)	440,000 held by the director (subscription of placing shares at the time of listing of the Company on 7th May, 2001)  830,000 held by his brother (subscription of placing shares at the time of listing of the Company on 7th May, 2001)  30,000 held by his sister-in-law (subscription of placing shares at the time of listing of the Company on 7th May, 2001)	7th May, 2001	0.65%
3.	Mr. Lam Kam Wo (and his spouse, Madam Wong Kwan Yee)	DV Power Limited (50%-owned) (3rd November, 2001)	498,000 held by the director (acquisition in the public market)  498,000 held by his spouse (acquisition in the public market)	in or about December 2004	0.49%
4.	Mr. Cheung Chiu Hing (and his spouse, Madam Yu Min Yin)	Mobicon-Remote Electronic Pte Ltd (wholly-owned) (14th January, 2002)  Mobicon-Remote Electronic Sdn Bhd (50.1%-owned) (5th July, 2001)  Mobicon Electronic Trading (Shenzhen) Limited (wholly-owned) (11th April, 2002)	1,570,000 held by the director (subscription of public offer shares at the time of listing of the Company on 7th May, 2001)  7,182,000 held by his spouse (subscription of public offer shares at the time of listing of the Company on 7th May, 2001)	7th May, 2001	4.36%
5.	Mr. Manny Moutinho	Mobicon-Mantech Holdings Limited (51% – Owned) (18th October, 2001)  Langa Holdings (Pty) Ltd. (51%-owned) (18th October, 2001)  Mantech Electronics (JHB) (Pty) Ltd. (51% – owned) (18th October, 2001)  Mantech Electronics (Cape) (Pty) Ltd (51% – owned) (18th October, 2001)  Mantech Electronics (KZN) (Pty) Ltd (51% – owned) (18th October, 2001)	580,000 (acquisition in the public market)	in or about May 2002	0.29%

5. According to the CCASS Participants Shareholding Report generated by Hong Kong Securities Clearing Company Limited dated 4th February, 2005, 41,086,000 Shares were held by 39 CCASS participants including securities firms and banks.

Save as disclosed in Note 4 above, the identities of the other Shareholders who hold an aggregate number of 27,970,000 Shares through CCASS participants and their respective shareholdings in the Company could not be ascertained by the Company, its Directors and the directors of its subsidiaries. Accordingly, they are regarded as members of the public.

6. To the best knowledge of the Board and having made all reasonable enquiry with the Directors and the directors of its subsidiaries, these 46 other Shareholders are independent from, and not connected with, any of the Directors, chief executive and substantial shareholders of the Company, the directors of its subsidiaries and any of their respective associates. Accordingly, they are regarded as members of the public.

Save as disclosed above, the Board, having made all reasonable enquiry with the Directors and members of the senior management, is not aware of any of its connected persons (as defined in the Listing Rules) having interests in 5% or more of the issued share capital of the Company as at 31st December, 2004.

Having made all reasonable enquiry with the Directors and the directors of the subsidiaries of the Company, it has come to the notice of the Board that the public float of the Company is now approximately 18.44% and is not sufficient for the purpose of maintaining the minimum public float of 25% required under Rule 8.08 of the Listing Rules.

As disclosed hereinabove, Mr. Hung Ying Fung, being a Director, is interested in 30,000,000 Shares, representing 15% of the entire issued share capital of the Company whilst Mr. Cheung Chiu Hing, being a director of certain subsidiaries of the Company, together with his spouse, are interested in 8,752,000 Shares, representing 4.36% of the entire issued share capital of the Company.

Pursuant to an agreement for the sale and purchase of Shares dated 11th March, 2005 entered into by Mr. Hung Ying Fung with each of the following transferees, Mr. Hung Ying Fung has agreed to dispose of an aggregate of 7,500,000 Shares at a consideration of HK\$1.05 each, which represents approximately a 5% premium to the closing price of the Shares of HK\$1.00 on 18th February, 2005 and approximately a 5% premium to the average closing price of the Shares of approximately HK\$1.00 for the ten trading days ending on 18th February, 2005:–

Name of transferee	Number of Shares to be disposed	Consideration (HK\$)
1 CCIB Opportunity Income Growth Fund ( <i>Note a</i> )	7,000,000 (3.5%)	HK\$7,350,000
2. CCIBSPC-Great Wall Segregated Portfolio ( <i>Note b</i> )	500,000 (0.25%)	HK\$525,000

*Notes:*

- a. CCIB Opportunity Income Growth Fund (“OIGF”) is an exempted Company incorporated in the Cayman Islands (Licence Number: MC-130789) targeted for high-net-worth individual investors.

OIGF’s primary investment objective is to generate a medium to long term capital growth and income on investments in range of listed equities, debt instrument and derivative products. OIGF will also invest and trade in REITs, asset backed securities, dividend stocks, convertible arbitrage, fixed income and distressed debt instruments.

- b. CCIBSPC-Great Wall Segregated Portfolio (“GWSP”) is an open-ended exempted segregated company of incorporated in the Cayman Islands (Mutual Fund Licence Number: 8347). GWSP is also registered as public offer retail mutual fund under the Japan Momentary Authority (大藏省關東財務局)(Licence Number: 8493).

GWSP’s objective is to achieve medium to long term capital appreciation and steady investment income. GWSP invests in listed and unlisted entities that have substantial operation, assets, investment, trading or other business interest in the Greater China region.

Pursuant to an agreement for the sale and purchase of Shares dated 11th March, 2005 entered into by the spouse of Mr. Cheung Chiu Hing with each of the following transferees, the spouse of Mr. Cheung Chiu Hing has agreed to dispose of an aggregate of 6,000,000 Shares at a consideration of HK\$1.05 each, which represents approximately a 5% premium to the closing price of the Shares of HK\$1.00 on 18th February, 2005 and approximately a 5% premium to the average closing price of the Shares of approximately HK\$1.00 for the ten trading days ending on 18th February, 2005:–

Name of transferee	Number of Shares transferred	Consideration (HK\$)
1 Yeung Chi Hung	2,000,000 (1%)	HK\$2,100,000
2. Chau Siu Ki	2,850,000 (1.425%)	HK\$2,992,500
3. Chan Kwan Chuen	500,000 (0.25%)	HK\$525,000
4. Li Kam Tong	450,000 (0.225%)	HK\$472,500
5. Lau Chi Ming, Chris	200,000 (0.1%)	HK\$210,000

The Board has confirmed that all the above transferees, at the time of entering into the agreements, were fully aware of the issues regarding the high concentration of shareholdings and breach of public float requirement, and are parties not connected with and independent of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates. The public float will be stepped up to approximately 25.19% immediately after the disposal of Shares as described hereinabove.

The Board has been informed by the relevant parties that completion of the transfer of Shares will take place upon resumption of trading in the Shares. The Board has also been informed that all necessary steps for the aforesaid transfer of Shares have been completed pending the physical transfer of share certificates for the 13,500,000 Shares which will take place immediately after the resumption of trading of Shares whilst the consideration for the acquisition of the 13,500,000 Shares will be paid by the purchasers upon completion of the physical delivery of the share certificates for such Shares.

As the Company has not been notified by any of the directors as named in Note 4 above of his and his associates' interest in the Company until very recently, the Company has inadvertently breached the public float requirement under Rules 8.08 and 13.32(1) of the Listing Rules since the date of first appointment of Mr. Cheung Chiu Hing as director of Mobicon-Remote Electronic Sdn Bhn on 5th July, 2001. The Stock Exchange has stated that it reserves its right to take disciplinary action against the Company and the Directors for such non-compliance.

In order to ensure that the Company will comply with the minimum public float requirement from time to time in future, the Board will, as an internal policy, issue written notification to each and every existing Director and director of the subsidiaries of the Company to enquire about the shareholding held by him/her and his/her associates in the Company on a monthly basis. The Board will also send written notification to each and every newly appointed Director and director of the subsidiaries to enquire about the shareholding held by him/her and his/her associates in the Company immediately before his/her proposed appointment. The company secretary of the Company will be assigned to update and monitor the shareholding position held by each existing Director and director of the subsidiaries of the Company and his/her associates.

The Company had adopted on 18th April, 2001 and is in compliance with its own Securities Dealing Code on terms no less exactly than the required standard set out in the Model Code under Appendix 10 of the Listing Rules. The Board will notify to each and every director of the subsidiaries of the Company that the relevant restrictions on dealings by a Director as contained in Securities Dealing Code shall be equally applicable to any dealings by a director of any subsidiary of the Company.

**In view of the high concentration of Shares in the hands of a small number of Shareholders, the price of the Shares might be volatile even with a small number of Shares traded. Shareholders and investors of the Company are reminded to exercise extreme caution when dealing in the Shares.**

At the request of the Company, trading in the Shares has been suspended with effect from 2:30 p.m. on 18th February, 2005 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 21st March, 2005.

As at the date of this announcement, the Board comprises Mr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix as executive directors and Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Chow Shek Fai as independent non-executive directors.

## DEFINITIONS

“associate”	has the same meaning as ascribed in Rule 1.01 of the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	Mobicon Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Controlling Shareholders”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) including independent non-executive director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited  
“HK\$”                                      Hong Kong dollars, the lawful currency of Hong Kong  
“%”    per cent.

By Order of the Board  
**Mobicon Group Limited**  
**Hung Kim Fung Measure**  
*Chairman*

Hong Kong, 18th March, 2005

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

“Please also refer to the published version of this announcement in The Standard.”